

MEDIA RELEASE

Internationalisation a key engine of growth and transformation: companies' revenues from overseas markets grew 4.2%, outpacing total revenue growth of 1.3%

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1. Internationalisation has become the key engine of growth for Singapore companies.
2. International Enterprise (IE) Singapore conducted an Internationalisation Survey¹ of close to 700 companies last year, to find out about the impact of internationalisation and track internationalisation trends across major sectors. The key findings show that:
 - o Companies' overseas revenue (OR) grew at 4.2% year-on-year (y-o-y), outpacing total revenue growth of 1.3% y-o-y;
 - o More than half of Singapore companies had footprints² in top markets of China and Malaysia. Companies are increasingly interested in Vietnam, Myanmar and India;
 - o Jobs created for internationalisation were skewed towards Professional, Managerial, Executive and Technician (PMET) jobs – 61% of internationalisation-focused jobs were PMET positions vs 53% for domestic-focused jobs.
3. Singapore's direct investments abroad (DIA) grew 2.5% y-o-y (S\$636.8 billion as of end 2015³), with Asia accounting for the largest share of DIA at 54%. DIA growth in 2015

¹ The IE Singapore Internationalisation Survey was conducted in 2H 2016 and included companies that have internationalised and those that are planning to. Financial data surveyed were for FY14 and FY15.

² Overseas revenue was derived from these markets.

³ This refers to stock numbers. Source: Department of Statistics, Ministry of Trade and Industry.

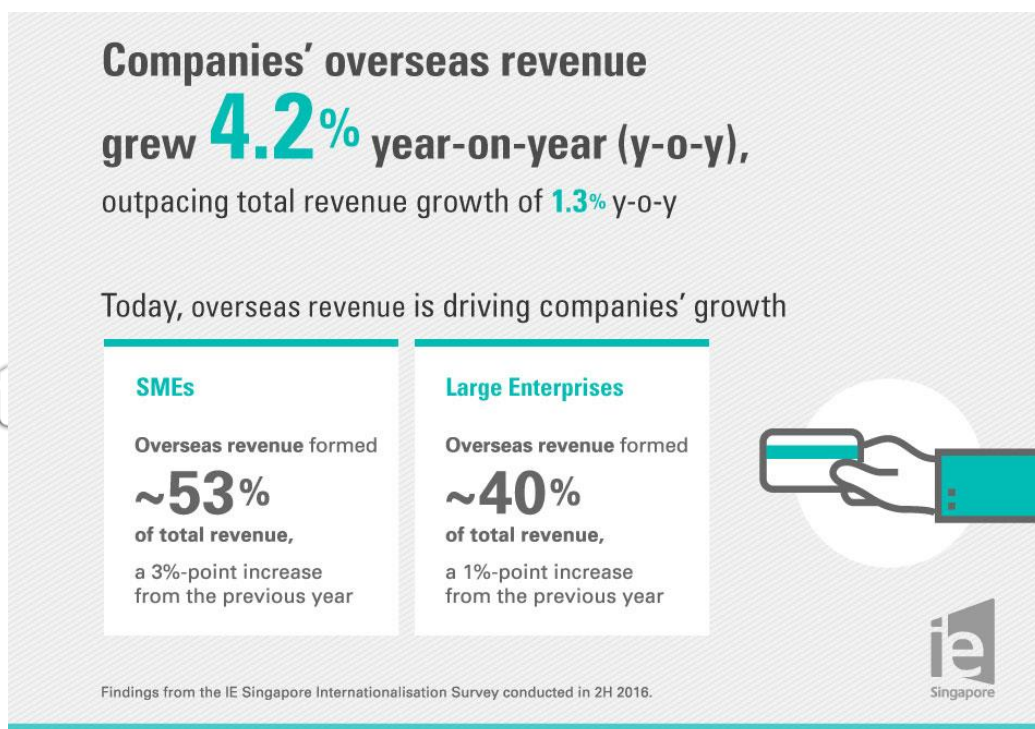
was driven by Asia, in particular emerging markets such as India, Vietnam and Myanmar. China, Hong Kong, Indonesia and Malaysia remain as the top investment destinations within Asia in 2015.

4. Companies also looked overseas for opportunities to transform their businesses. Many are investing in:
- Establishing track record in new markets or new business segments;
 - Digital platforms and channels; and
 - Mergers and acquisitions (M&A).

A) SURVEY FINDINGS

Overseas revenue drives growth of Singapore companies

5. In the IE Singapore Internationalisation Survey, both SMEs and large enterprises saw a rise in OR's contribution to total revenue.
- For SMEs, OR formed 53% of total revenue, a 3%-point increase from the previous year;
 - For large enterprises, OR formed close to 40% of total revenue, a 1%-point increase from previous year.



Internationalisation plays a key role in creating PMET jobs for the future

6. The survey also found that overseas operations created jobs⁴ that were more likely to be skilled than domestic-only operations. While overseas expansion created jobs both in Singapore and overseas, majority of the jobs based in Singapore went to Singaporeans and PRs, and SMEs had a higher propensity to send Singaporeans and PRs to take up the jobs based overseas.

Southeast Asia and China remain top markets

7. For 2017, companies indicated strong interest in China, Myanmar and Vietnam. Also:
 - SMEs expressed renewed interest in Vietnam and India;
 - Large enterprises expressed renewed interest in the US and UK.

B) IE SINGAPORE'S ASSISTANCE

Companies also look to international markets for opportunities to transform their businesses

8. IE Singapore facilitated over 450 projects globally in 2016, with majority in China and Southeast Asia. 30% were projects that transformed the business of enterprises.
 - 75 projects were related to entry into completely new markets or new lines of businesses, so that companies can build track record and increase their credibility to clinch future deals;
 - 45 were e-commerce projects, a 181% increase from 2015, as companies tap digital platforms and channels to access global customers and scale up;
 - 21 were M&As, an 11% increase from 2015. Companies are actively using M&A to acquire technology, capability or customer segments to scale up.

Increased broad-based assistance

9. In 2016, IE Singapore assisted 37,000 companies with SMEs accounting for 80%. Over 10,000 companies received S\$73.4 million in grants⁵.
 - More companies utilised the Market Readiness Assistance (MRA) Grant with 1,500 approved applications, a 43% increase over 2015. Of these, 20% were companies that set foot outside Singapore for the first time to venture into China, Indonesia, Myanmar, Vietnam and India;
 - 22% of all MRA Grant approvals were for activities in global online retail/e-commerce platforms, 86% higher than 2015.

⁴ These positions may be based in Singapore or overseas.

⁵ Includes Global Company Partnership (GCP) grant and Market Readiness Assistance (MRA) grant.

10. IE Singapore also partnered Trade Associations and Chambers (TACs) to assist in the internationalisation of their members, with increasingly more activities moving towards digital platforms and channels.

- 39 of the joint initiatives⁶ between IE Singapore and TACs were digital-related, 30% higher than 2015. These activities benefitted 1,000 companies.

11. Said Mr Lee Ark Boon, Chief Executive Officer of IE Singapore, “Internationalisation is core to sustaining Singapore’s growth and IE Singapore will continue to support companies venturing beyond our shores, in particular to Southeast Asia, China and India, where 20 of our 37 overseas centres are located. IE Singapore will continue to deepen our in-market presence and network, to identify and create opportunities, and help our companies seize them. Through internationalisation, companies will transform and create high-quality jobs locally and secure sustainable growth for Singapore.”

Annex: Company examples

Read more about Singapore companies’ ventures abroad in our [SgGoesGlobal](#) series, or get your story leads from our Twitter ([@IESingapore](#)) and Facebook ([IE Singapore](#)) accounts.

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Note to Editor

Please use ‘IE Singapore’ if an acronym for ‘International Enterprise Singapore’ is required. Unless otherwise stated, the use of statistics cited in our media releases, website or Statlink, should be attributed to IE Singapore.

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About International Enterprise Singapore

IE Singapore is the government agency promoting international trade and partnering Singapore companies in going global. Our vision is a thriving business hub in Singapore with Globally Competitive Companies and leading international traders.

IE Singapore attracts global commodities traders to establish their global or Asian home base in Singapore. Today, Singapore is a thriving trading hub with a complete ecosystem for the energy, agri-commodities and metals & minerals trading clusters.

⁶ Refers to joint activities including missions and activities supported through the International Marketing Activities Programme (iMAP) and Local Enterprise and Association Development (LEAD) programme.

Through our Global Company Partnership and Market Readiness Assistance, we also work with Singapore-based companies in their various stages of growth towards being globally competitive.

Our global network of overseas centres in over 35 locations provides the necessary connections in many developed and emerging markets. Visit www.iesingapore.gov.sg for more information.

National Archives of Singapore

ANNEX

COMPANY EXAMPLES

Sembcorp

IE Singapore has been a partner in Sembcorp's overseas growth, engaging its various business units closely over the years across markets. For instance:

- IE Singapore partnered Sembcorp Utilities in expanding its global footprint in the power and water sectors. For instance, it has supported Sembcorp in its origination efforts for deals by connecting the company to potential in-market partners.
- IE Singapore has been supporting Sembcorp Development's expansion overseas across markets including China, Indonesia and Vietnam. This included recommending Singapore companies in different industries to set up facilities in Sembcorp Development's industrial parks and townships, to take advantage of the competitive land and labour costs, and ride on the familiarity of working with a Singapore developer.

PSA Marine

As part of its strategic direction to diversify into new market segments, PSA Marine⁷ engaged the assistance of IE Singapore to explore the offshore wind industry for opportunities to invest in crew transfer vessels and services.

- IE introduced acquisition targets and opportunities in the UK, and shared market insights on taxation and other regulatory issues.
- PSA Marine eventually acquired Jersey-based company with a modern fleet of crew transfer vessels, Ventus Marine Limited, an instrumental move to equip itself with new capabilities to serve the offshore wind sector in Europe.
- IE Singapore further supported the company in market set-up in the UK and its manpower development for the market.
- PSA Marine has since gained invaluable experiences in Europe's offshore wind industry. With this track record, it will be able to capture upcoming offshore wind projects in Asia.
- This acquisition also allows employees to learn and retain new knowledge and expertise in this new business, paving the way for further expansion in the offshore wind market.

⁷ PSA Marine is a leading terminal and harbour towage operator and pilotage provider. PSA Marine owns more than 60 tugs in China, Hong Kong, India, Oman and Southeast Asia with flagship operations in Singapore.

Shopback

IE Singapore partnered ShopBack⁸ to entrench its foothold and gain first mover advantage in the Taiwanese market.

- ShopBack wanted to enter the Taiwanese market but lacked market knowledge and connections to break in. IE Singapore connected it to critical Taiwanese e-Commerce merchants and stakeholders. Nine merchants have since come on-board. We also supported its manpower development for Taiwan as it is important to deploy staff who understand the market's e-commerce landscape and can grow its business in the market. This included support for its office set-up in-market, as well as manpower deployment (country GM and business development staff).
- ShopBack also worked with IE Singapore to break into Indonesia, where IE supported the startup's office set-up.
- Since its establishment in Singapore back in September 2014, overseas expansion has been on ShopBack's growth trajectory. With Indonesia and Taiwan added to its global footprint last year, ShopBack has further entrenched foothold in the Asia Pacific region. Currently, near 70% of the sales (defined as sales channelled to ShopBack's partners) are generated from areas out of Singapore.

Agrocorp International

Agrocorp International is a global agri-commodity trading and processing company specialising in the physical trading of various agricultural commodities such as pulses, wheat, rice, oilseeds, sugar, cotton and edible nuts with a presence in 12 countries. The company handled volumes of more than 6 million metric tonnes of commodities in 2016 with revenues exceeding US\$2 billion. The company also has a processing business that handles 500,000 metric tonnes of goods across five plants in Canada and Myanmar. It is headquartered in Singapore with 60 staff here and more than 200 worldwide.

It is working with IE Singapore to embark on a more aggressive overseas expansion plan, focusing on downstream processing.

- IE Singapore is supporting Agrocorp through its Internationalisation Finance Scheme, which would help it secure financing for the expansion projects it is pursuing in Myanmar, India and Bangladesh this year.
- IE is also working with Agrocorp to identify and develop investment opportunities in markets like Australia and India, as well as to develop partnerships with research institutes on product development to expand its portfolio of products.

⁸ ShopBack is an e-Commerce affiliate marketing platform that grants customers cashback when they shop at over 500 online stores, connecting both merchants and shoppers with a mutually beneficial reward system.

IE-SFMA e-commerce initiative

IE Singapore partnered the Singapore Food Manufacturers' Association (SFMA) to help Singapore food companies leverage e-commerce channels to access the China market. A Singapore shop has since been established on four platforms – Tmall (天猫), Jindong (京东), Baobeigezi (宝贝格子) and WeChat's e-store (微店).

- In particular, the Singapore shop on Tmall is the first country-led transaction page on the site. Since its launch in August 2015, over 60 companies (in food, fashion and furniture) has participated listed on the marketplace, offering more than 250 items to consumers. Of these, 44 companies are expanding into China for the first time
- This approach benefits companies, especially SMEs, in a few ways:
 - Market knowledge building: Through the rigor in the listing process, companies learnt about their product positioning, pricing and benchmarking, vis-à-vis existing similar products in the market. They also developed processes such as their customer enquiry checklist and learnt how to navigate the e-commerce landscape.
 - Cost effectiveness: Beyond coming together as collective branding, the clustering of Singapore products increases cost-competitiveness as companies share facilities like warehouses and logistics, and conduct joint marketing activities.

Enterprise Europe Network (EEN) Singapore

IE Singapore worked with the Singapore Manufacturing Federation (SMF) and Intellectual Property Intermediary (IPI) to launch EEN⁹ Singapore in 2016, helping Singapore companies gain access to technology know-how, intellectual property and business partners as they scale up overseas.

- Over 540 companies have joined this global platform, with 8 companies in the F&B sector having sealed partnership agreements. For instance, Chye Choon Foods has inked a distributor partnership with Oriental Holdings in Netherlands, where its products will be distributed in 20 supermarket outlets in the market.

⁹ EEN Singapore is the first self-funded EEN centre in ASEAN. EEN is the world's largest business and innovation support platform, set up under the European Commission's Agency for Small and Medium Industries, a key initiative of EU to promote two way business between EU and rest of the world. EEN's network spans 54 countries and 600 partnering organisations in Europe and worldwide, with a combined business pool of several million enterprises.